

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO,
et al.,

Debtors.¹

PROMESA
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**STATUS REPORT OF THE PUERTO RICO FISCAL AGENCY AND FINANCIAL
ADVISORY AUTHORITY REGARDING THE GOVERNMENT OF PUERTO RICO'S
RECENT ACTIVITIES AND RESPONSE TO THE ONGOING COVID-19 PANDEMIC**

To the Honorable United States District Judge Laura Taylor Swain:

The Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”), through its undersigned counsel, submits this status report on behalf of the Government of the Commonwealth of Puerto Rico (the “Government”) in response to the Court’s Order Regarding Procedures for the April 28 - 29, 2021 Omnibus Hearing [ECF No. 16475] and states as follows:

¹ The Debtors in these Title III cases, along with each Debtor’s respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the “Commonwealth”) (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566(LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), and (iv) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5233-LTS) (Last Four Digits of Federal Tax ID: 3801).

PRELIMINARY STATEMENT²

The Government's top priority continues to be safeguarding public health and safety, ensuring the provision of public services (including health services), addressing the economic distress caused by the COVID-19 pandemic and stimulating economic activity. Since the March Report, COVID-19 cases and hospitalizations have increased in Puerto Rico. Given the rise in COVID-19 cases, the Government has focused its efforts in continuing its massive vaccination campaign – which has yielded extremely positive results – and on limiting some activities to curtail the spread of the virus. Puerto Rico is currently **ranked fifth** in the world in number of vaccination doses administered per 100 residents and in percentage of population fully vaccinated.³ As of last week, more than 2.3 million vaccines had been administered on the island, and the Department of Health (“DOH”) estimates that 27% of all eligible residents in Puerto Rico have been fully vaccinated and at least 50% have received one dose. The DOH also continues testing across the island to monitor the spread of the virus and new COVID-19 variants on the island. The Government has also restricted some activities to decrease the spread of COVID-19. These efforts are detailed below.

Since the March Report, the Government has also made substantial progress in disbursing aid, releasing federal funds, and working with the Federal Government to comply with or lift requirements to the release of such funds. As detailed below, last week, the United States Department of Housing and Urban Development, working in conjunction with the Government, lifted restrictions that allow the release of over \$8 billion to Puerto Rico. Similarly, over \$900

² Defined terms not otherwise defined herein shall have the same meaning given to them in *Status Report of the Puerto Rico Fiscal Agency and Financial Advisory Authority Regarding the Government of Puerto Rico's Recent Activities and Response to the Ongoing Covid-19 Pandemic* (the “March Report”) [ECF No. 15989].

³ See, https://ig.ft.com/coronavirus-vaccine-tracker/?areas=gbr&areas=_isr&areas=usa&areas=eue&cumulative=1&populationAdjusted=1.

million has been released to the Department of Education. The Government also continues to disburse federal and local aid to residents, businesses, hospitals, and municipalities. These efforts are detailed below.

I. Executive Orders to Control the Spread of COVID-19

1. To curb the spread of COVID-19, on April 8, 2021, Governor Pierluisi signed Executive Order 2021-026 (“Executive Order 26”), which modifies the curfew and imposes stricter restrictions in certain commercial and recreational activities. Given the continued increase of COVID-19 cases, on April 16, 2021, Governor Pierluisi signed Executive Order 2021-027 (“Executive Order 27”), which amended Executive Order 19, to impose further restrictions and limitations in commercial activities to curtail the spread of COVID-19. Executive Order 19, as amended by Executive Order 27, will be in effect from April 9, 2021 until May 14, 2021. Among the restrictions to commercial and recreational activities are the following:

- Mandatory curfew in effect from 10:00 p.m. until 5:00 a.m.
- Businesses that are allowed to operate must close by 9:00 p.m.
- Business that are allowed to operate may do so at 30% of their maximum capacity, maintaining a six-feet distance among visitors. Outdoor areas in restaurants may operate at their full capacity.
- Bars, nightclubs, and other similar establishments, which engage primarily in the sale of alcoholic beverages for consumption must remain closed.
- Beaches are open but visitors must maintain a 10-feet distance and social gatherings with persons outside the same unit is prohibited. Visitors must have their mask on at all times while outside of the water. The use of beach chairs and umbrellas are allowed, but consumption of alcohol is prohibited.
- Common areas in housing complexes, such as pools, parks and gyms, may open at a 30% maximum capacity, subject to social distance and safety measures.
- Marinas may open for all types of vessels, including those for recreational use. However, the use of recreational vessels among people outside of a

same family unit and rafting of various vessels is prohibited. Boats may not anchor less than 200 feet from the shore.

2. With respect to Government operations, Executive Order 26, as amended, provides that Government agencies shall continue to operate following safety precautions. However, offices that receive the public and operate indoors may only operate at a 30% maximum capacity.

3. On April 16, 2021, Governor Pierluisi signed Executive Order 2021-08 (“Executive Order 28”), which requires a negative molecular test result for all travelers entering the island. Executive Order 28 eliminates the voluntary 14-day quarantine and provides that travelers entering through any of the island’s airports are required to fill out a “Travel Declaration Form” through the DOH’s online portal, get a molecular COVID-19 test no more than 72 hours prior visiting the island, and provide proof of a negative test result. Travelers arriving without a negative molecular test result are required to obtain a molecular test within 48 hours of arrival and provide proof of a negative test result.

4. Further, on April 19, 2021, the Secretary of the DOH issued Administrative Order 2021-499, which provides that starting April 28, 2021, travelers arriving without a negative molecular test result will be imposed a \$300 fine and are required to obtain a molecular test on the island within 48 hours of arrival. The negative test result must then be uploaded to the DOH’s online portal within 48 hours in order for the fine to be rescinded. The DOH has announced that there will be a private laboratory available at the Luis Muñoz Marín Airport to provide COVID-19 testing.

5. Governor Pierluisi will continue to work closely with experts from various sectors to monitor the spread of the virus in order to adopt or modify any necessary restriction that may be required on a timely basis.

II. Status of Schools and Federal Aid

6. The recent spike in COVID-19 cases and hospitalizations has halted the Government's plans to gradually reopen all schools. To control infections and protect children, on April 8, 2020, the Secretary of the DOH issued an order, which prohibited in-person classes in private and public schools until April 26, 2021. Currently, schools may reopen, following the guidelines issued by the DOH and the Government, only when the infection rate of their municipality is below the acceptable level. As detailed in the March Report, the Department of Education ("DOE") and the DOH have established a protocol and requirements for the reopening of public schools. Currently, there are 163 public schools certified by the DOH and ready to open when the COVID-19 infection rate reaches the levels required under such protocols, and 111 public schools are awaiting certification. This number is expected to increase in the coming weeks.

7. On March 16, 2021, the DOE received \$20 million of CARES Act funds to cover increased transportation costs associated with the reopening schools. As of April 14, 2021, the DOE had disbursed \$14.8 million to transportation operators.

8. On March 22, 2021, the Secretary of the United States Department of Education announced that the United States Department of Education granted the Commonwealth immediate access to \$912 million of federal education funds, which had not been previously available to the Commonwealth as a result of conditions to access such funds that this administration has been able to meet. These funds include \$390 million under the CARES Act and \$522 million in fiscal year 2019 program grant funds, including funds under Title I, Part A of the Elementary and Secondary Education Act of 1965, as amended, and Part B of the Individuals with Disabilities Education Act. The funds will provide resources to continue to repair public schools affected by the earthquakes

and hurricanes and to continue to implement safety measures in schools to safely reopen for in-person learning.⁴

III. Status of COVID-19 Vaccination Process and Testing

9. Since the March Report, the DOH has focused its efforts on implementing its vaccination plan across the island to control the spread of the COVID-19 virus and achieve herd immunity. As a result of the success of these efforts and given the sustained increase in distribution of vaccines to Puerto Rico, on April 12, 2021, all residents over 16 years and older became eligible to receive the COVID19-vaccine. To accelerate the vaccination process, the DOH has established vaccination centers, and is conducting vaccination events, across the island, and continues its educational campaign to encourage individuals to get vaccinated.

10. Further, the Federal Government has launched several programs to help expand access to vaccines for the American public, which have helped accelerate the vaccination process in Puerto Rico. Among them, the “*Federal Retail Pharmacy Program for COVID-19 Vaccination*” (the “Federal Retail Pharmacy Program”), which is an alliance between the federal government, states and territories, and 21 national pharmacy partners (such as, among others, Walgreens, CVS, Costco, and Walmart) and independent pharmacy networks to increase access to COVID-19 vaccination across the United States, and the “*Ensuring Equity in COVID-19 Vaccine Distribution*” (the “Ensuring Equity Program”), which is a program to directly allocate COVID-19 vaccines to the Health Resources and Services Administration’s supported health centers.

11. As of April 27, 2021, the DOH has received 2,045,870 and administered 1,724,398 doses of the COVID-19 vaccines.⁵ Further, through the Federal Retail Pharmacy Program, the

⁴ See, <https://www.ed.gov/news/press-releases/us-secretary-education-miguel-cardona-provides-puerto-rico-department-education-access-pandemic-relief-aid-and-other-grant-funds>

⁵ See, <https://covid19datos.salud.gov.pr>

Ensuring Equity Program, and other federal programs, pharmacies and qualified health centers have also administered over 576,300 vaccines on the island. In sum, as advanced above, more than 2.3 million vaccines have been administered in Puerto Rico (ranking Puerto Rico fifth in the world) and the DOH estimates that 27% of all eligible residents in Puerto Rico have been fully vaccinated and at least 50% have received one dose.

12. As detailed in previous reports, the DOH has also developed and implemented a strategic plan for COVID19- testing across the island, so that all Puerto Ricans have access to tests and the DOH can monitor the spread of the virus and variants. To date, the DOH has conducted 329 events and provided free antigen tests to 194,319 individuals. Further, the DOH continues to strengthen the contact tracing system, which has investigated over 16,829 positive cases and identified 161 COVID-19 outbreaks in Puerto Rico during the past month. The DOH is also establishing a genomic surveillance program to identify new COVID-19 variants and has reached agreements with 7 independent laboratories to perform this task. As a result of this surveillance program, the DOH has identified 120 cases of the new COVID-19 variants on the island, including 90 cases of the more contagious British variant (also known as B1.1.7).

IV. Update on COVID-19 Infections and Hospital Capacity

13. As detailed in the previous reports, the DOH maintains a “dashboard”, through which it provides daily updates on COVID-19 related statistics.⁶ As of April 27, 2021:

- Puerto Rico had 114,577 confirmed cases, 15,460 probable cases, and 2,279 reported deaths.
- 1,417 ventilators are in stock and available to be used in Puerto Rico, of which 370 are in use at this time. Of these, 36 are pediatric ventilators.

⁶ See, <https://covid19datos.salud.gov.pr>.

- 558 patients are currently hospitalized due to COVID-19 of whom 105 are in intensive care, and 68 are using ventilators.
- 3,997 adult beds and 408 pediatric beds are currently in use out of a total 6,882 and 1,225 hospital beds, respectively.

V. Update on Funding Related to COVID-19 and Disaster Relief Funds

A. Federal Funding under the American Rescue Plan

14. On March 11, 2021, President Biden enacted the American Rescue Plan (“American Rescue Plan”) - a \$1.9 trillion economic stimulus bill to help states and territories combat the economic effects of the COVID-19 pandemic. Among other things, the American Rescue Plan provides a third round of direct payments to eligible individuals. Through this aid, the Puerto Rico Department of Treasury will distribute nearly \$3.5 billion dollars to approximately 2.6 million residents.⁷ As of April 21, 2021, the Department of Treasury had distributed nearly \$3.1 billion to 1.5 million families.

B. Federal Funding Under the Coronavirus Relief Fund

a. Update on Disbursements of CRF

15. As of April 23, 2021, the Government has disbursed approximately \$1.75 billion of the \$2.2 billion it has received under the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act and the Coronavirus Relief Fund (“CRF”). AAFAF has published a report detailing the use of these funds and the disbursements made as of April 23, 2021 which is available at <https://www.aafaf.pr.gov/wp-content/uploads/crf-strat-disbmt-plan-fund-rep-4-23-2021.pdf>.

⁷ See, <http://www.hacienda.gobierno.pr/sobre-hacienda/sala-de-prensa-virtual/comunicados-de-prensa/gobernador-pierluisi-anuncia-comienzo-del-desembolso-de-incentivo-de-1400-tras-recibir-aprobacion-del-plan-distribucion-del-gobierno-federal-esta-manana>.

b. Business Interruption Grant Program

16. As detailed in the March Report, on January 5, 2021, Governor Pierluisi signed Executive Order 2021-010 (“Executive Order 10”) which, among other things, established a program for economic assistance to small businesses whose operations were interrupted by the ongoing lockdowns and commercial restrictions implemented by the Government in response to the ongoing COVID-19 pandemic and which have not been able to participate in the Payment Protection Program Loans established by the CARES Act (the “Business Interruption Grant Program”). The Department of Treasury received \$65 million of CRF funds to distribute to eligible small business owners through the Business Interruption Grant Program. As of April 14, 2021, the Department of Treasury had disbursed over \$26 million to 4,801 small business through the Business Interruption Program.

C. Update on Disbursements Under the Emergency Measure Support Package

17. With regard to the COVID-19 Emergency Measure Support Package detailed in the previous reports, as of April 23, 2021, the Government has disbursed \$519 million out of the \$787 million approved in the package. AAFAF has published a report detailing the use of these funds and the disbursements made during the current fiscal year, which is available at <https://www.aafaf.pr.gov/wp-content/uploads/covid-19-emer-meas-sup-pack-rep-4-23-2021.pdf>.

D. Update on Disaster Relief Funds⁸

18. The Government continues to coordinate relief and funding efforts to address the natural disasters that have affected Puerto Rico in recent years, including the continued recovery following Hurricanes Irma and Maria and the earthquakes that impacted (and continue to impact)

⁸ The data and information provided herein has been obtained by AAFAF directly from the Central Office of Recovery, Reconstruction and Resiliency (COR3).

the southern and southwestern part of Puerto Rico. The Government's efforts and coordination with the Federal Government have produced substantial results since the March Report.

19. As advanced above, on April 19, 2021, the United States Department of Housing and Urban Development ("HUD") announced that it lifted certain restrictions imposed by the Trump Administration on \$8.2 billion of Community Development Block Grant Disaster Recovery ("CBDG") funds authorized for Puerto Rico. These funds were allocated but had not been provided or disbursed to Puerto Rico. The restrictions were lifted through amendments to the grant agreement, including eliminating the special fund monitor imposed by the Trump Administration.

20. As of April 19, 2021, approximately \$70 billion has been appropriated by the United States Congress to Puerto Rico for disaster relief and recovery efforts. Of this amount, approximately \$43.8 billion has been committed by federal agencies for distribution and \$18.7 billion has been disbursed. Of the amounts obligated and disbursed, FEMA has approved approximately \$34.5 billion and disbursed approximately \$14.3 billion of the total amounts detailed above. The use of these funds is detailed by the Government on the COR3 website and can be accessed at: <https://recovery.pr/en>.

VI. Update on the Department of Education's Payroll System

21. On previous status reports of the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board"), the Oversight Board expressed concern that the DOE had not completed the implementation of an automated payroll and attendance system, and alleged that flaws in the existing system caused over \$80 million in payroll disbursements to be made to employees who were not working at the DOE. See, [ECF Nos. 15991 at p. 4-5] and [ECF. No. 15388 at p. 3-4]. On January 29, 2021, the Oversight Board instructed the Office of Management and Budget ("OMB") to claw back \$30 million dollars from DOE's fiscal year 2021 "General

“Fund” payroll budget and reapportion such amount to the custody of OMB until the automated payroll and attendance projects were effectively implemented. On the previous Omnibus Hearing, the Court requested AAFAF to provide an update on this matter.

22. AAFAF, wishes to inform the Court that since the March Report, these issues have been successfully resolved. On March 8, 2021, the DOE, in conjunction with AAFAF and the Department of Treasury, successfully launched and implemented the automated time and attendance program. As a result, on April 16, 2021, the Oversight Board authorized the OMB to release the adjusted amount of \$24.4 million and transfer such funds back to DOE’s fiscal year 2021 General Fund payroll budget. The Oversight Board reduced the amount to reflect the alleged delayed implementation and an adjustment for approvals of time and attendance requests made between February 28 and March 15, 2021.

Dated: April 27, 2021
San Juan, Puerto Rico

Respectfully submitted,

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